

2016

ANNUAL
REPORT

API THE AUSTRALIAN
PROPERTY
INSTITUTE

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Chair's Report

2016 saw the API normalise our operational performance and begin the implementation of our strategic plan. The operational structure is now well established and under the wise guidance of the CEO Mike Zissler the team has realigned the focus to deliver better member services in line with the strategic plan.

From a financial perspective, we have delivered a result that was in line with our expectations which included reduction in debt facilities, implementation of a new finance system and a new member management platform. The IT and finance projects were also delivered in line with expectations which gives us the ability to provide a better member experience particularly with event registration and CPV tracking.

The profession continues to face challenges as a result of rapid technology changes and the commoditisation of professional services and we are actively investing in research and relationships with likeminded organisations to map out a sustainable future for the profession.

In May of 2016 our first national election of directors took place and we welcomed Mark Kay, Garrick Smith and Joe Stanfield to the Board. In addition, we appointed two independent directors Dan Cregan and Diana D'Ambra who bring a valuable set of qualifications and experience to the board.

We are committed to building diversity across the membership base particularly in terms of professional background and gender. We have targeted new membership groups such as property finance practitioners and commercial property managers to diversify our member base and from a gender diversity perspective we have developed a statement of principles to ensure that we reflect the gender balance of members at events and on committees.

Following are some highlights of our performance against the strategic objectives:

Broaden the membership base

- Membership is stable at 8,294 members
- Initiatives for Certified Commercial Property Manager (CCPM) and Property Finance Members launched.

Lead the industry; set the agenda

- Successfully advocated for API and IVSC compliant terms in service agreements
- Made 19 submissions to government around the country
- Held a nationwide roadshow culminating in a Colloquium on the Future of Property Valuations and published the paper

Develop and educate every member

- Over 150 CPD events
- New website launched in April 2016

Champion professional standards

- Contributor to IVS with two members directly involved on IVSC Committees
- Signatory to international ethics charter.

Provide a home for our members

- First API National Conference attended by over 800 people in November 2016
- 32 YPP events held across the country

Build the brand equity for the API

- Increased liaison with media
- Increased interest from media in independent and objective commentary from the API
- Reinvigorated social media presence

Further information about the work of the API during 2016 can be found on our highlights page later in this Annual Report

I am sure that 2017 will be another year of rapid change and I look forward to working with all stakeholders to continue to build a relevant and sustainable API.



Tyrone Hodge AAPI
Chair

Report of the Chief Executive Officer

2016 was an engaging and challenging year for the API Group of businesses and I am delighted to report that notwithstanding we started the year with much to do and the change agenda was real and present we completed all our projects very much on time and well within our budget expectations. Along the way we found new and exciting challenges and again we got into those as and when we needed to in consultation with our members. All in all, 2016 was a good year.

While it is normal to thank those that made this all happen at the end of this report I want to start front and center and thank all the Staff at the API, my National Leadership Team, the Board of Directors of the API Ltd and APIV Ltd for a very successful year, acknowledging that none of the work could have been done without you and our volunteer members who have taken the API and shaken it by the scruff of the neck to create the new API Ltd.

So, where have we come from and why?

Following the May 2014 AGM, the API set itself on a path of a genuine reform agenda. 2015 saw an agreed governance change and a complete restructure of the organization and API Ltd came into being on 1 January 2016.

Much has been said about the visible change, both good and bad but what we are slowly realizing is that there is a consistent reform agenda behind the visible changes. We have a growing voice and our relationships with our colleagues in the Royal Institute of Chartered Surveyors is garnering strength as we move towards creating a single industry voice that is heard by Governments and the public alike.

The APIV Limited Liability Scheme continues to grow from strength to strength and was renewed for a further 5 years. We have constantly been checking in with the Professional Standards Councils and the Australian Competition and Consumer Commission to ensure that as we make changes and moot future initiatives we do so in the best interests of the community, the property profession and our members. These relationships are strong and bode well for the future of the profession.

2016 also saw us take on the challenge of the future, where to next? Who will want what services in the future and what will they look like? Is there an end to digital disruption and are we looking at a period of tranquility as we go into 2017 and 2018 and beyond?

Somewhat frustratingly, but not surprisingly we learned that digital disruption is here to stay, Bitcoin and Blockchain will impact on our future and we do not know what that means yet. We need to be alert but not alarmed, we are not alone, all of our shared futures will be very similar for all professional services albeit legal, architectural or financial, it is all up for change.

So, are we all up for the change? Well no, not as yet, but these discussions and the continued seeking of knowledge and understanding can only help us as the future becomes our day to day and new futures present themselves.

2017 is already showing itself to be just as challenging as last year.

Again, thank you to all that made a difference for the API over the last couple of years but in particular during 2016.



Mike Zissler
Chief Executive Officer

Report of the Chief Operations Officer

Financial

The Australian Property Institute Ltd and its controlled entities (API Group) produced a comprehensive income attributable to the members of \$586,908 in 2016. The composition of this result is as follows:

Entity	\$
Australian Property Institute Ltd	625,794
Australian Property Institute Valuers Ltd	93,679
Australian Property Institute Assets Ltd	(156,419)
API Educational Awards Trust	19,918
API Research Trust	3,936
API Group Comprehensive Income Surplus	586,908

The API Group Comprehensive Income Surplus includes the revaluation amounts on the API Group's occupied properties and share portfolios following valuations at the end of 2016. These revaluations amounted to \$1,163,379. Removing the revaluation gains the API Group has recorded a deficit for the year of \$576,470.

The API Ltd, excluding its controlled entities, recorded a deficit of \$468,228 which includes a revaluation expense for its investment property of \$150,000. The deficit becomes \$318,228 when this revaluation expense is removed. This deficit is substantially less than planned for in the Board approved 2016 Budget.

Operational revenues for the API Group fell in 2016 (\$427k) with falls in Educational CPD income being the main contributor. This largely reflects the normal cycle (over 3 years) of revenues received from the API's Risk Management Module where a revenue spike is recorded in the first year (ie 2015).

However, Membership revenues have increased by around 2% in 2016. The fall in overall revenues were partially offset by falls in the API Group's expenditure (\$352k). Plans are being implemented in 2017 and 2018 to reverse the downward trend in CPD incomes.

Cash held by the API Group as at December 2016 is significantly higher than that held at the end of 2015. This is the result of an earlier call for 2017 Membership subscriptions combined with the improved collection efficiencies of the new membership system.

The audited Financial Statements for the five API Group entities are attached at the end of this document. These Statements received an unqualified report from our auditors, PricewaterhouseCoopers.

Operations

2016 saw the go live of the API's new Membership Management System, the full implementation of the API's new Financial Management System and the commencement of a national roll out of the API's new computer and telephone systems. Further enhancements are also planned in 2017 for the Membership Management System to enhance the administration of Members of the APIV Limitation of Liability Scheme. Once fully implemented in 2017 these new systems will improve the effectiveness of API staff in their efforts to service the API's Members.

API staff have remained stable over 2016 with just under 40 staff on the payroll. The new portfolios are now bedded down and staff have slotted into their roles under this new structure.

2016 also saw the drafting, approval and implementation of a new suite of policies and procedures within the API. Again, these have been designed to enhance the operations of the API towards the servicing of its Members.



Nick Langley
Chief Operations Officer

APIV

- Smooth transition into and commencement of new APIV Limitation of Liability Scheme on 1 September 2016
- Implementation of new Exemptions Policy and development of Membership Policy
- Webpage completely re-written with additional resources
- Developed additional resources for members
 - Explanatory video clips on website,
 - Information papers on:
 - operation of the Scheme
 - compliance obligations under the Scheme
 - general information relating to professional indemnity insurance
- All APIV Registers updated and enhanced
- All forms, letters and email templates updated and enhanced
- Revised Guidelines for Higher Discretionary Monetary Ceiling
- Review and improvement of key processes
- Extensive member consultation and education, including the national roadshow, resulting in heightened member awareness of the Scheme
- Insurance symposium attended by prominent professional indemnity insurance brokers and underwriters and CEO of Professional Standards Councils
- Growth in members from 3,563 corporate and individual members as at 31 December 2015 to 3,757 as at 31 December 2016

Education

- Online CPD claims and certificates implemented
- Online modules in professional practice skills launched
- Options explored for revamped Future Property Professional (FPP) program
- Higher education accreditation system reviewed

Standards

- API submissions on IVS and IPS Exposure Drafts
- Completed an updated exposure draft of the API PropertyPRO supporting Memorandum
- Developed new Technical Information Papers (TIP) on:
 - Methods of Measurement
 - Feasibility Studies
 - Development Management
- Removed Guidance Notes and replaced them with updated TIPs on:
 - Hotels
 - Self Storage
 - Valuation of Partial Interests
- Assisted with the development of the updated version of the Residential Valuation Standing Instructions v1.1.4
- Developed a new national valuation protocol on Contaminated Land
- Introduced and expanded on the API definitions page on the website
- Introduced the new Residential Desktop Assessment Memorandum
- Developed a draft framework for construction valuations for release in 2017

2016 Highlights

Member Services and Advocacy

- Cohesive team of Member Service Managers
- Online application processes implemented
- Nationally standardised admissions process implemented
- A national focus given the Young Property Professionals (YPP) program
- Expansion of student membership
- Pathway for finance members finalised
- Establishment of the API's National Advocacy Committee
- Submissions & advocacy in relation to Regulation of Agriculture, Intellectual Property Rights, Impairment of Customer Loans, Extension of reliance to third parties, Data Availability and Use.

Shared Services

- Introduction of new API database
- Introduction of software for distribution of API Board papers
- Full implementation of new accounting software
- Finalisation of API Group Constitutions
- Drafting of suite of Governance documents
- Commenced the roll out of the API's IT Strategy

Communications

- Completion of the API's web presence
- Introduction of the weekly Member News
- Introduction of a refreshed Members Benefits Program
- The daily news digest and website access to *Australian Property Journal* provided to all API members
- Delivery of the first API National Property Conference attended by over 800 people
- Inaugural Life Fellows Dinner held
- Revitalisation of the API's social media

